

ASSESSMENT OF AFFECTING BUSINESS FACTORS IN UKRAINE

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Now business development in Ukraine has certain constraints which adversely affect the investment climate in the country, opening new businesses, stability of small business, its effectiveness. Specificity of the national market economy contains many dangers for businesses which have to work in conditions of high risk. That is why in developed countries a small business actively supported by the state. Recently in Ukraine, the situation remains unstable, due to problems in the banking sector, the political situation in the country and the global financial crisis, which caused the outflow of foreign capital, closing a small businesses.

Ukrainian realities of business tracked by international rating agencies on the basis of indicators allow compare aspects of doing business in different countries. These indicators are the freedom of doing business (Doing Business) - quantitative measure of the ability to initiate, maintain and terminate business. This rating – from 1 to 185- shows the total burden of regulatory procedures on the economy and efficiency of regulatory policy. The value is calculated by the World bank, based on 10 factors, which listed in Table 1.

Table 1- Rating of doing business in Ukraine

TOPIC RANKINGS	DB 2013 Rank	DB 2012 Rank	Change in Rank
Starting a Business	50	116	↑66
Dealing with Construction Permits	183	182	↓-1
Getting Electricity	166	170	↑4
Registering Property	149	168	↑19
Getting Credit	23	23	No change
Protecting Investors	117	114	↓-3
Paying Taxes	165	183	↑18
Trading Across Borders	145	144	↓-1
Enforcing Contracts	42	44	↑2
Resolving Insolvency	157	158	↑1

In 2013 rating of doing business improved in comparison to 2012 - Ukraine has moved 15 positions -from 152 to 137 .

The most positive changes regarding business registration, the procedure become easier -rating increased by 66 positions.

Also much improved property registration procedures. But Ukraine's rating - 149 - still remains low - poorly protected property rights, the judicial system is extremely inefficient, high levels of corruption, high degree of interference from other branches of the judiciary, the possible expropriation of property.

Transparent taxation mechanism is certainly a positive effect on investment climate in the region as whole and direct businesses. In 2013, this position is also improved compared to 2012. This positive changes starting from 2011 -in this year's was adopted and enacted Tax code, which have a positive impact on the investment climate in the country. Among the most significant positive changes should be made as follows: the abolition a number of local taxes, the gradual reduction of income tax, the convergence of tax and accounting, establishing incentives for start-ups and small businesses.

In addition to tax reform introduced a reform of the pension and social security. Thus, in 2011 was entered the Law of Ukraine "On the collection and accounting of a single fee for obligatory state social insurance", which implement a single fee for obligatory social insurance. These changes primarily simplify the procedure for reporting, calculation and payment, provide investors imagination simplicity of contributions for pension. But these improvements are minor, because in comparison to other countries the tax system in Ukraine is imperfect, the level of taxes and contributions for social insurance is high- rated 2013 Ukraine is only at the 165 position. At present there are many problems of external nature that hinder investment, have questioned the appropriateness of investments in Ukraine. In addition to the above factors hinder business development many other factors not mentioned in the rankings. The system of external factors is following:

$$FS=\{G \{g_1; g_2\}; H\{h_1; h_2; h_3; h_4\}; N\{n_1; n_2\}; P\{p\}; M\{m\}; S\{s\}; D \{d_1; d_2\}\}, (1)$$

G- state regulation; g_1 - level taxes; g_2 - time prolicensing procedures (coordination) to conduct activities; H -state economy; h_1 - inflation level; h_2 - level of employment of the population; h_3 - income level of the population; h_4 - level of GDP; N - Science and Technology progress; n_1 - level of development of new technologies ; n_2 - protection of intellectual property; P - political factors , p - level of political stability in the country; M - international events; m - state of the international financial market; S - Social and cultural factors; s - the level of intellectual and cultural development of the country's population; D - demographic factors; d - an increase of population; d_2 - level workforce.

That business development promotes stable economy, a high level of scientific and technological progress, a stable political situation, a high level of intellectual and cultural development of the population, positive demographic changes. Unfortunately , in Ukraine the economy is in a critical condition, the level of intellectual and cultural development of the population each year is reduced as low wages limits the opportunity to attend various cultural events and receive quality education, population crisis leads to an increase in the percentage of the elderly population, affecting all economic processes in the country since the revenue and pension costs and finishing decline in demand for most product

groups and services. Under such circumstances, forecasting the business financial security requires consideration of all other vibrations that will take place not only in the legal and licensing procedures, but also changes in other external factors that may affect its operation.